Nippon Times

No. 16,265 (THE 19th YEAR of SHOWA) TOKYO TUESDAY, JULY 4, 1944 第三種郵便物認可 昭和十五年十二月二十七日 Price 20 Sen

JAPANESE REPULSE ATTACKS BY ENEMY ON OMIYAJIMA ISLE

Thrusts by Foe on Vital Nippon Position Increasing in Fury —Task Force Active

Special to the Nippon Times

CENTRAL PACIFIC BASE, July 3.—The enemy attacks on Omiyajima are increasing in fury.

On June 30, anti-Axis cruisers and large destroyers appeared in the waters off the island and shelled our positions. Again, yesterday, several enemy destroyers bombarded the island. The Japanese stationed there gave battle at once.

The same day, 30 carrier-borne planes appeared over Omiyajima and 30-40 other planes over Rota Island to the north of Omiyajima. On each occasion the enemy was repulsed.

U.S. Task Force Active

Special to the Nippon Times

CENTRAL PACIFIC BASE, July 3.—The enemy task force in Saipan waters is continuing to operate in and about the island.

The enemy is also strengthening the force defending the Aslito airdrome on Saipan Island which he has already begun to use. He has been obtaining reinforcements since the end of last month.

Saipan Foe Bombed

Domei

LISBON, July 2.—Japanese Air Units on the night of June 29 again bombed the American positions on Saipan Island, the headquarters of the United States Pacific Fleet announced today, says a report from Pearl Harbor.

Attack Mokmer Airfield

Domei

LISBON, July 2.—In a war communique issued yesterday, headquarters of the anti-Axis forces in the Southwest Pacific announced that Japanese Air Units had attacked the Mokmer airfield on Wiak Island, northwest of New Guinea, and the American military establishments on Owl Island, according to a report from Melbourne.

Sea Victory Described

By Y. TAKAMORO

Of the Military Press Corps

ON A CERTAIN WARSHIP.—A sea battle on a gigantic scale was fought in the sea area centering about the Mariana Islands.

The fighting started on the morning of June 19, when the air units attached to the Japanese Fleet, stealing a march, delivered an attack on the enemy, and had the distinction of smashing several enemy aircraft carriers.

These war results were extended by attacks effected late in the day before dusk and attacks carried out in the night and in consequence of activities on the part of submarines.

A portion of the Imperial Japanese Combined Fleet on a certain day of June completed preparations for going into action against the enemy. The officers and men of the ships were in joy over the arrival of the opportunity they had been watching anxiously for of beating and crushing the enemy.

The strength of the enemy which the Japanese were called upon to deal with was said to consist of more than 100 vessels, which reportedly included more than 10 battleships, about 10 regular aircraft carriers, more than 10 converted aircraft carriers, cruisers, destroyers, and submarines. It was a force that represented a large proportion of the naval strength the enemy was maintaining in the Pacific area.

For the period from June 11 to 18 the enemy attacked the Japanese air bases on the islands of the Mariana Group with ship-based planes which according to the enemy were in excess of 1,000.

Landing on Saipan

Then enemy surface craft managed to get near to the islands, and there followed cannonnading. Eventually on June 15 the enemy dared to effect a landing on Saipan Island.

On the afternoon of XX day, orders were issued by the Commander-in-Chief of our operating corps saying, "Our Corps is about to sally forth to crush the enemy. Each one must do his utmost at his post."

The entire crew took to their posts with grim determination, resolving that vicotry would be theirs in this battle.

From the early morning of the 18th we prayed for an encounter with the enemy. We waited in full battle array but the enemy did not come.

The day of decisive battle dawned the next day. This was the day the largest fleets seen yet on the Pacific were to meet. The scouting planes soon discovered an enemy task force.

The enemy task force was moving along the waters on the western side of the Mariana Islands. The first group was reported to be composed of four regular type carriers, two battleships and of about a dozen other types of ships. The second group comprised three regular carriers, five battleships and about a dozen other ships. The third group was composed of a regular carrier, two converted carriers, a battleship and about 10 other vessels.

Reports continued to come from our scouts with regard to other conditions of the enemy task force. The time had now come! Our carrier-borne planes rapidly left the mother ship.

At XX minutes of X hour, our attack corps radio messages were received: "All planes attack, defiant of death." Almost at the same time, a message came, "In midst of aerial battle above the enemy force." Our breath caught sharply as we muttered, "There! They're at it!"

The next wireless said, "One regular enemy carrier hit." A large bomb of XX kilograms had made a clean hit on the carrier. Other reports continued to pour in. We made out that more three enemy carriers had been heavily damaged. Our first suppressing action had succeeded beautifully.

Enemy Fleet Discovered

The next day on the 20th, our reconnoiter planes combed the seas for the enemy. Our ships also made a daring thrust in search of enemy forces. In the afternoon, a fleet of two carriers, two battleships and about 10 other vessels were brought to bay at XX kilometers out at sea. Towards dusk a unit of our planes zoomed down in an attack formation.

A message from our scout planes said that the enemy was launching an attack on our fleet. We prepared for him. The attacking enemy planes were mowed down to half the number by our furious anti-aircraft fire. His formation completely broken up, fighting spirit seemed to ooze from the enemy. A torpedo plane aiming for XX warship, showered with anti-aircraft fire from the ship, turned right about and took to flight without discharging its torpedo.

Our fighter planes intercepted the enemy marvelously. Inferior in number they downed one enemy plane after another. One of our fighters, battling with three enemy fighter planes, downed two and beat off the other.

It was made clear that the large type enemy carrier Bunker Hill was sunk by the twilight attack of our planes. The enemy planes on their part concentrated their attack on the less defended oil tankers on our side and set two on fire.

The results were rather one-sided in this great naval battle between the two great fleets. Our side lost only one carrier. Though our fleet remained intact, we had to sheathe the sword for this time.

Ogura in Tokyo

Masatsune Ogura, Supreme Economic Adviser to the National Government of China, arrived in Tokyo Monday from Shanghai after finishing his conferences with various heads of the National Government and China's financial leaders as well as his inspection of Shanghai, Nanking, Peking, Tientsin and other places.

New Enemy Pressure on Argentina Seen In Recall of All American States' Envoys

Domei

LISBON, July 2.—Indicating the apparent manifestation of anti-Axis pressure captained by the United States on the Argentine Government, a mass withdrawal of diplomatic representatives of American states in Buenos Aires is reported following the recall to London for discussions of David Kelley, British Ambassador at Buenos Aires, according to a Washington dispatch.

The report said that not only Norman Armour, American Ambassador to Argentina, has been recalled, but also the Mexican Ambassador has been recalled.

Simultaneously, the Government of Cuba has announced that its ambassador who is at present in Cuba will not return to his post in Argentina. The ambassadors of Colombia, Peru and Chile are also not at present at Buenos Aires and no successor has been appointed for the recently deceased Brazilian Ambassador at Buenos Aires.

It is also reported that the Charges d'Affaires of other non-recognizing countries including Brazil and Nicaragua are scheduled to leave within the next few days.

In this connection the United States State Department issued the summary of the speech by Colonel Juan Peron, Argentine War Minister, in which he stated that the "future happiness based on uninterrupted peace and cordiality between nations was only a mirage." He said that those who thought wars could be avoided were "utopians."

United States authorities interpreted his speech as attempting to show that as far as Argentina was concerned there is no essential difference between victory by the Axis or the anti-Axis.

NO CHANGE NOTED IN TURKISH POLICY

Nation Still Determined to Keep Out of War, German Spokesman Stresses

Domei

BERLIN, July 2.—No facts have become known which might indicate that Turkish foreign policy will undergo any fundamental changes following the recent resignation of Foreign Minister Numan Menemencioglu, the Wilhelmstrasse spokesman declared today.

In this connection, the spokesman stressed the various declarations of Turkish politicians as well as of Premier Sukru Saracoglu to the effect that Turkey would continue to adhere to the policy of neutrality in order to keep out of the war.

He said that German politicians have taken into consideration the rumors about the alleged trip to Ankara by A. J. Vishinsky, Soviet Vice-Commissar of Foreign Affairs, as well as those on the activities of other Soviet diplomats. These rumors do not call for any comment, he added.

Continuing, the spokesman of the German Foreign Office declared that the enemy countries of late have been spreading reports insinuating that the cooperation between Germany and Bulgaria was subject to certain imponderables. He said that the cooperation between Germany and Bulgaria was so close and so full of confidence as to render superfluous any comment on this subject.

Today, the Bulgarian Government is concentrating its attention on domestic issues which do not need to be commented upon in Berlin.

REICH REPULSES ENEMY NEAR VOLTERRA SECTOR

53 American, 34 British Tanks Destroyed; Rebel Poles Suffer Big Casualties

Domei

BERLIN, July 2.—All enemy attacks were driven back on the broad front at yesterday's focal point area southeast of Volterra in the western coastal sector.

American tank and infantry formations which suffered severe losses, however, succeeded in gaining some ground in the direction of Volterra and reached the Cecina rivulet while German lines west of Lake Trasimeno were withdrawn to more favorable mountain positions. All attacks against the new German positions were successfully repulsed during which battle the Americans lost 53 tanks between the coast and Lake Trasimeno.

From the Adriatic coast, the British supported by tank formations attacked German positions. After several hours of fierce fighting, the German defense forces knocked out 34 enemy tanks and moved up to north of Potenza. Attempts repeatedly made by the rebel Poles at crossing the Potenza River failed due to fierce German counter-measures which inflicted considerable casualties.

7 Turkish Villages Razed

Domei

LISBON, July 2.—Seven villages were wiped out when violent earth tremors were felt in western Anatolia, especially in the region of Gediz, according to an Istanbul dispatch. Last reports said that tremors are still continuing.

REPUBLIC PREPARED FOR WAR CO-EFFORT, SAYS ENVOY VARGAS

Ambassador, Back From Philippines, Voices Firm Resolve at Interview, Monday

The Republic of the Philippines is determined to place itself completely at the disposal of Japan in compliance with the Japan-Philippines Treaty of Alliance and in line with the Greater East Asia Joint Declaration, declared Jorge B. Vargas, Philippine Ambassador to Japan, at his meeting with the press on Monday at the Philippine Embassy. In the first press interview granted since his return from Manila on Sunday night, the Philippine Ambassador said that President Jose P. Laurel and all the Philippine leaders were doing everything to strengthen the ties of cooperation between Japan and the Philippines and that all important problems were being discussed and studied seriously not only among themselves but with high Japanese officials. "We are faced with a common problem," the Ambassador stated, "and the Republic is cooperating fully with Japan and preparing for every eventuality."

The people of the Philippines are happy and life is going on normally, he also said. Ambassador Vargas, who returned from Manila on Sunday night, said that he was impressed by the fact that the streets, shops, theaters and restaurants of Manila were as full of people as when he first left Manila to take over his post in Tokyo in February.

Looking extremely robust and healthy, the genial Ambassador answered questions with evident satisfaction at being back at his post. Asked of the reorganization of the Kalibapi and how it was to function now, Mr. Vargas pointed out that it was now a political party and that the Youth Movement had been separated from it and placed under the Ministry of the Interior.

"I think," stated the Ambassador, "that the energies and abilities of Benigno Aquino will prove equal to the task of explaining the situation to the people and that there will be a greater appreciation of the efforts of the Government to bring a satisfactory condition to the Philippines."

Aquino Is Popular

How great is the popularity of the Director-General of the Kalibapi may be seen in the fact that 100,000 people turned out recently to cheer and listen to Mr. Aquino at a mammoth rally held in Tarlac, Mr. Vargas said. Mr. Vargas also revealed that Mr. Aquino would gradually tour the country. A women's division of the Kalibapi is also being organized, Mr. Vargas stated, drawing attention to the fact that before the war, Philippine women were allowed to vote and that "we have a woman member in the present National Assembly." The Kalibapi has also started a 2,000,000 peso fund drive to make itself an independent organization, which will not have to depend on a Government subsidy. The Ambassador replied in the affirmative when asked if the Kalibapi would be the nucleus of a one party-one country structure.

Asked whether he would care to comment on the report that American President Franklin Roosevelt had signed a bill to "grant independence" to the Philippines, Mr. Vargas said that it was probably done for propaganda effect and that "anyway, whatever the Americans do now is too late." The Ambassador laughed and remarked, "I don't care what they do."

Heartened by Japan Visit

Questioned as to whether he had met Mr. Aquino in Manila and if so what Mr. Aquino had to say about his visit to Japan, Mr. Vargas replied that he had many meetings with Mr. Aquino and that from these meetings he gathered that Mr. Aquino and his party were very much heartened by their visit to Japan. "They were especially impressed by the economic and industrial development in Manchoukuo," Mr. Vargas said, adding that Mr. Aquino had been to Japan before and was therefore well acquainted with Japan's industrial development. "It is the dream of the Philippines that the rest of the Co-Prosperity Sphere develop like Manchoukuo," the Ambassador declared. "Then our part of the world would have nothing for which to envy the rest of the world."

NIPPON UNITS SEIZE VITAL RAIL STATION IN HENGYANG CLASH

Hand-Grenade Attack Launched by Japanese as 48-Hour Struggle Still Raging

Domei

LISBON, July 2.—The Japanese Army Units attacking the walled town of Hengyang have occupied the Hengyang railway station, according to a United Press correspondent's report from Chungking, dated today.

The dispatch said: "The Japanese have captured the railway station. From the fact that American airmen attacked the station it is plain that the ground fighting is now raging within rifle range of the Hengyang streets."

Heavy Battle Raging

Domei

LISBON, July 3.—The Japanese have been pounding Hengyang for the last 48 hours in an endeavor to penetrate into the streets of the walled town, according to a Reuter dispatch from Chungking dated Sunday.

"The Japanese, in an effort to thrust into the town, have been fiercely attacking for the last 48 hours. Launching hand-grenade charges on the railway station in the western suburb of the town and the bus stop defended by Chungking troops, they are also attacking the town streets from the east.

"The Japanese on the eastern bank of the Siang River attempted a crossing on July 1 but the Chungking troops on the western bank and the air force met the attack with rifle-fire and bombs. Japanese Air Units bombed Chungking military establishments at Hengyang. Information from within the town walls says that huge shells from the Japanese artillery positions are bursting in the streets of the town."

Chungking Panic-Stricken

Domei

CANTON, July 2.—With the fall of Hengyang imminent, the Chungking regime has been thrown into a panic as the loss of this vital point will mean that the Japanese will be able to grasp full control of the entire length of the Hankow-Canton railway.

The Japanese Forces that had advanced along the railway line through Hunan Province from the north to south are now storming Hengyang, the most vital point in the province, and its occupation is now only a question of time. Already a part of our forces has advanced to the south of Hengyang and is continuing its drive forward. At present the Japanese Forces control more than one-half of the entire railway line extending 1,000 kilometers from Wuhan to Canton.

Hengyang is not only the most vital point in Hunan Province but is also the main city in the central section of the Hankow-Canton railway. Therefore, the fall of Hengyang will mean that the Japanese will be able to grasp control of the entire railway line.

Recognized by Foe

As the distance from Hengyang to Canton is only about 300 kilometers, or roughly one-third of the length of the railway line, the occupation of the entire line by the Japanese who are advancing rapidly will be attained without much difficulty. This fact has been recognized by the enemy. British and American correspondents in China, as well as Chungking newspapers are now loudly stressing the importance of Hengyang, and they declare that the occupation by the Japanese of the entire length of the Hankow-Canton railway is imminent.

When the Japanese captured Hengshan, north of Hengyang, a U.P. correspondent on June 23 reported as follows:

"In the period of four weeks since the Japanese started their operations in Hunan, they made a 250-kilometer advance from Yoyang to Hengshan. The distance from Hengshan to Shaokwan is about 300 kilometers and the railway line between these two points is barely being held by the Chungking forces."

Meanwhile, Chungking observers unanimously agree that the Japanese will advance further southward with the aim to gain control of the entire Hankow-Canton railway.

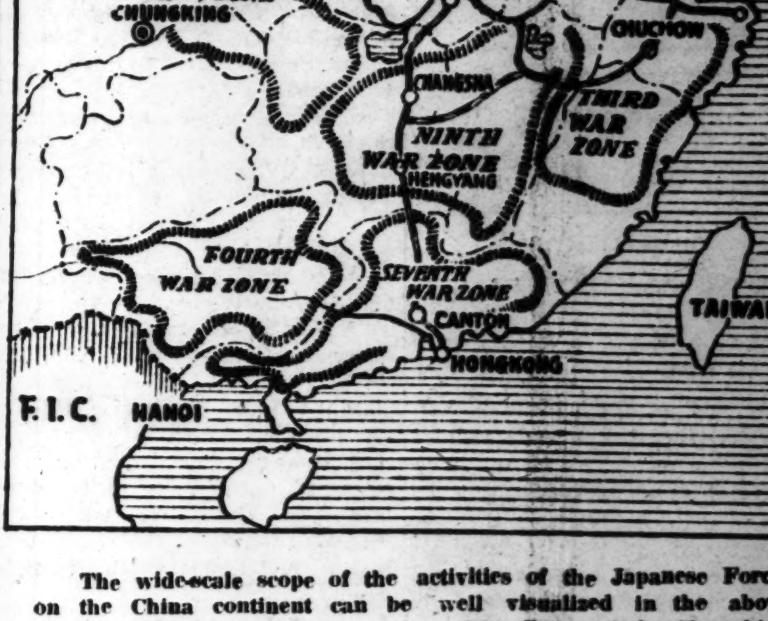
The Reuter correspondent in Chungking sent the following report on June 24:

"When the Japanese occupy Hengyang and advance southward, the Hankow-Canton railway will fall under their full control. The present situation does not permit of any optimistic view."

Reflecting the panic rife in the enemy camp, General Liu Wei-chang, Vice-Chief of Staff of the Chungking Military Affairs Committee, declared as follows in an article contributed to the Sao Tang Pao on June 28, according to a U.P. report:

"It is now an undeniable fact that the Japanese are out to grasp full control of the Hankow-Canton railway. Of course, they will meet with some difficulties before they can open the line to traffic, but the control of the entire line by the Japanese doubtlessly will mean that the Chungking regime will be driven into greater difficulties."

War Action Areas in China



The wide-scale scope of the activities of the Japanese Forces on the China continent can be well visualized in the above illustration which shows the various War Zones of the Chungking army.

Progress of Indian Freedom Movement Under Subhas Bose Is Lauded by Okazaki

July 4, exactly one year since Subhas Chandra Bose started his independence activities in East Asia, sees the campaign for Indian independence growing ever stronger and the 400,000,000 people of Mother India looking confidently forward to the day of their liberation, commented Katsuo Okazaki, Acting Spokesman of the Board of Information, at his foreign press conference on Monday. A mere glance at the accomplishments of Mr. Bose during the past year shows what progress has been made, Mr. Okazaki said, drawing attention to Mr. Bose's further solidifying of the structure of the Indian Independence League, formation of the Indian National Army, establishment of the Provisional Government of Azad Hind and the valiant march of the forces under his command into India.

These facts, Mr. Okazaki stated, "enable us to comprehend the magnitude of his achievements and the world is aware now that there is a government of, by and for the Indian people, whose sole aim is the complete liberation of India." Despite the derogatory propaganda spread by the British in an effort to discredit Mr. Bose and his Government, the Government is a firm reality and the real hope of all the people of India, Mr. Okazaki stressed.

Indians Behind Bose

"It is an actual fact that not only are the Indian people silently but earnestly awaiting the advance of Mr. Bose and his forces of liberation to Delhi but also are carrying out activities, both open and subversive, in India in support of the Provisional Government," Mr. Okazaki said. "Such cases are frequently reported. Moreover, an ever-increasing number of Indian soldiers, who have been forced by the British to fight against their brethren, are now voluntarily dropping out of the British ranks and joining Mr. Bose's liberation army. Thus the future of the Provisional Government is full of hopes. Behind it there is the wholehearted support, both material and spiritual of all the Indians living in the various parts of East Asia and before it there are 400,000,000 people in Mother India confidently expecting the day of their liberation. No kind of blood and iron policy can any longer stem the rising tide of Indian liberty and independence."

Mr. Okazaki declared that the fact that the cabinet of the Provisional Government included both Hindus and Moslems showed that the Indian people are united for the realization of their aim. The Indian National Army is also composed of Indians of all religious beliefs and castes, he said, adding that the soldiers share the same mess and meeting halls and spend their daily lives harmoniously together in the spirit of brotherly cooperation whether in the cantonments or in the firing lines. "This," remarked Mr. Okazaki, "proves the falsity of the British excuse that although the British want to grant independence to India they cannot do so because of the disunity arising from religious and class antagonisms among the Indians. Such a charge is again manifestly proved to be nothing but a product of the British policy of divide and rule."

Confident of Success

Referring to reports that Mr. Bose had a complete and rational plan for constructing a new and modern India, Mr. Okazaki said that "as Mr. Bose is one of the Big Three leaders of India, side by side with Mahatma Gandhi and Pandit Jawaharlal Nehru, I have every confidence that his plan will be a successful one." Drawing attention to the fact that Mr. Bose had also declared that when the liberation of India had been completed the present Provisional Government would yield its place to a National Government, to be established by the free will of all the Indians, Mr. Okazaki said that "thus, Mr. Bose and his Provisional Government and National Army command the hearty support and blessing of all the peoples of East Asia."

Turning to a report that American President Franklin Roosevelt had signed a legislation granting independence to the Philippines "as soon as possible," Mr. Okazaki pointed out that this legislation included the right by the United States to establish land, sea and air bases in the islands. Mr. Okazaki recalled that the Tydings-McDuffee Act, passed by Congress on April 1, 1934, provided for the granting of independence to the Philippines on July 4, 1946 and that the United States was to retain her naval bases only in the islands. Mr. Okazaki said that while such legislation or hundreds of them could never have any effects or bearings on the Status of the Philippines which is already a truly Independent Nation, still it was significant that the United States, this time, called for the establishment of land and air bases in addition to naval bases.

During the press conference, Mr. Okazaki also expressed his sincere condolence to the German people for the tragic death of Vice-Marshal Eduard Dietl, Commander of the German Expeditionary Forces in Finland.

BLASTS FOE'S STATEMENT

Bulgarian Paper Says Non-Military Objects Bombed by Anti-Axis

Domei

BUCHAREST, July 2.—Refuting the British assertion that the recent Anglo-American raid against Bucharest was aimed only at military and oil objectives, the Rumanian newspaper, Universal stated that these "military objects" included a central penitentiary where 52 women were killed, Institute for World History, Geological Museum, Zoological Museum, Foreign Ministry and the Prime Minister's official residence.

Moreover, tenement houses in various parts of the town were bombed and aged people, women and children were killed. Affected districts are four to five kilometers away from any military target, the paper charged.

JAPANESE UNLEASH NEW FURIOUS DRIVE ON FOES IN S. CHINA

Nippon Forces Advancing Along Canton-Hankow Rwy., Says Imperial Headquarters

Imperial Japanese Forces in the South China area, in collaboration with the operations in the Hunan area, commenced an offensive against the Chungking army in the 7th War Zone on June 27 and are now advancing northward along the Canton-Hankow Railway, the Imperial Headquarters announced in its communique issued at 3:30 p.m. on Monday.

The communique follows:

IMPERIAL HEADQUARTERS' COMMUNIQUE
3:30 p.m. July 3

"Our Units in the South China area, acting in unison with the operations in the Hunan area, on June 27, commenced an offensive against the Chungking army in the 7th War Zone and are advancing northward along the Canton-Hankow Railway."

New Offensive Is Started

All of a sudden, after having kept silence following the occupation of Hongkong, the former British Crown Colony, the Imperial Japanese Forces in South China, on June 27, lauched offensive operations against the Chungking army in the 7th War Zone under the command of General Yu Han-mou.

In response to the speedy development of the grand-scale operations in the Hunan area, Japanese Units, that had patiently waited for a ripe opportunity, began a vigorous northward advance along the Canton-Hankow Railway in concert with the Japanese Forces that had been advancing southward.

Upon the recent reduction of Changsha, key point of the Chungking army in Hunan Province, on June 18, and the capture of Hengyang airfield, vital base of the U.S. air force in China, recently, the Chungking forces in the 7th War Zone under General Yu had become greatly perturbed and hurriedly started to adjust their positions, especially consternated by the blitzkrieg advance of the Japanese Forces in parallel with the swift development of the Hunan operations.

Despite unsettled weather conditions, which had swelled the Pei river and its various branch streams, the northward advancing Japanese Units, overcoming all natural obstacles, are now directing a fierce drive and smashing the enemy at every point.

Furious Hengyang Battle

Meanwhile, the furious attack of the Japanese Units from three directions against the Chungking army in the walled town of Hengyang is now continually in progress and a part of the Japanese attackers penetrated into the walled town where heavy street-fighting is now raging. The fall of this pivotal base of the Chiang Kai-shek army is now only a question of time.

The headquarters of General Yu Han-mou is situated at Shaokwan and his men number 10-odd divisions strong.

Although no prophecy can be made as to the development of the grand-scale operations on the China continent, the consternation on the part of the Chungking regime will be great when the Canton-Hankow Railway is seized and re-opened to traffic by the Japanese Forces.

When this is achieved, China will be cut in two, east and west, along the vital rail link. Furthermore, the U.S. air force in China, which has been sustaining devastating blows due to the ceaseless assault of the Japanese air force, will be smothered.

The anti-Axis plan to contact with the China continent from the South Pacific area will also meet with a serious hitch.

Argentina Nabs Bemberg

Domei

STOCKHOLM, July 2.—The Argentine authorities arrested today the well-known commercial magnate, Otto Edward Bemberg, and confiscated his property, according to a Buenos Aires report. Bemberg's arrest caused a great sensation in New York financial circles because he is said to be one of the richest men in the world with a fortune estimated at over $1,000,000,000. Bemberg is reported to have been arrested for evading taxation.

METEORS CONTINUE TO HARASS ENGLAND

Germans Start 'Black Week' For British With Increased Use of New Secret Weapon

Domei

BERLIN, July 2.—The "V-1" caused the first Black Friday in England, it was stated in Berlin, thus affirming that the German secret weapon had wrought great damage in southern England. Further Black Fridays will, according to German opinion, follow when the employment of the "V-1" is increased and other secret weapons are brought into action. The third week of the "V-1" attack is intended by the Germans to be a Black Week for southern England. The number of giant explosives employed is increasing daily, contrary to British hopes. It is likewise seen that all defense measures have so far failed. Also, the British efforts to destroy the bases of the "V-1" by a large-scale employment of heavy bombers have likewise remained without result. The camouflage is, in the opinion of German quarters, so effective that even in future all "V-1" bases and arsenals will be safe from such mass attacks.

Real Facts Are Hidden

Domei

LISBON, July 2.—Local allied circles point out that it was of great importance that as little as possible became known as to the actual effects of the "V-1" attacks on southern England. It was necessary, these same circles stress, to hush up the whole affair. The neutrals who already believe in final anti-Axis victory should not be given cause for any doubt. This would, however, be the case if the reports on the destruction by the "V-1" were known. The same tactics must be adopted with regard to the British people. The population of London need not know what damages were caused in Plymouth and Portsmouth. The British government is willing to take all measures necessary for the protection of the population but only gradually and inconspicuously in order not to cause panic. The evacuation of children has already started on a large scale. Above-mentioned circles opine that that the British government itself is expecting intensification of the attacks on Britain in the near future.

"V-1" Activities Increasing

Domei

AMSTERDAM, July 2.—The activity of the flying bombs increased after dawn today and damages and casualties have been reported from wide-spread areas, reports the British news service from London.

More 'V-1' Details Given

Domei

BERLIN, July 2.—The following details were learned in connection with the new German weapon "V-1": The explosives are fired from underground installations which are particularly safe against artillery fire and air attacks so that they are practically safe against destruction. The weapon may be considered as a pilotless plane with a very high speed of about 600 kilometers per hour with a rocket propulsion. At the head of the pilotless plane there is about 1,000 kilograms of explosives. The effect of this new charge by far exceeds that employed so far. The range of action of this new weapon can be adjusted before being fired. The range depends on the energy of the rocket propulsion. The new weapon can be charged with explosives and other fighting means such as, for instance, phosphorus.

Fuehrer's Headquarters

July 2

In the gap southwest of Caen, the opponent after strong artillery drumfire resumed his attempts at breaking through during the noon hours yesterday but all attacks there failed just as those northeast of St. Lo. Our planes yesterday again successfully supported the operations of the ground forces. During the night, our bomber formations attacked enemy ship concentrations off the beachhead and strong explosions were observed. In the course of several mopping-up operations, 80 terrorists were liquidated in a French area.

Heavy vengeance fire is still raging over London.

In Italy, the focal point of the enemy attacks was in the western coastal sector and in the area southeast of Volterra. Here our troops detached themselves under strong enemy pressure to the Cecina sector. Also southeast of Volterra, the enemy gained ground northwards.

In the Siena area and west of Lake Trasimeno, our divisions repulsed all enemy attacks and inflicted heavy casualties on the opponent. One enemy battalion and 29 tanks were destroyed.

In the central part of the Eastern Front, our divisions continued to offer stubborn opposition to the Soviets attacking with superior forces. In the Bobruisk area, the Soviets were only able to gain ground after heavy fighting after the place was abandoned. At Ossipowitschi our troops held their positions against all enemy attacks while the groups from Bobruisk fought their way toward our main forces.

In the middle of the Beresina, heavy fighting is in progress with the constantly attacking Soviets. The enemy pressure continues in the area west of Polotsk, where strong enemy attacks were repulsed or intercepted by our forces. The Luftwaffe continuously joined in the ground fighting and inflicted heavy casualties on the enemy.

In the far north, several Soviet attacks supported by strong artillery were repulsed in the Kandalaksha sector in heavy forest fights and severe casualties were inflicted upon the enemy.

The R.A.F. bombed the Rhenish-Westphalian area last night.

Inflation Year in U.S. Results in Big Boom On the Diamond Mart

Domei

STOCKHOLM, July 2.—A big boom, caused by the fear of inflation, has occurred on the diamond market in Washington, the Folkets Dagblad reports. Nobody believes that President Roosevelt will be able to master this problem, it was added. Rich Jews are investing their money in diamonds and jewelry, which can be easily understood because they fear that anti-semitism will spread rapidly after the war. For the same reason, many Jews are transferring their assets to South American countries, the paper also reported.

Press Comments

Monday, July 3

GROWING SYMPATHY FOR COMMUNISTS

TOKYO SHIMBUN—Various opinions are being held as to U.S. Vice-President Wallace's visit to Chungking, but the real purpose was to prepare the ground for the establishment of air bases for the American air force in the districts of North China under the control of the Communist Party. There are reasons pointing to the conclusion that the visit was for the purpose of deciding the question of how to handle the materials required and supplies for the American air forces.

So far the promised aid has not been given to Chungking, of the goods sent, more than 80 per cent has been snatched away by Chennault's U.S. Air Force in China and by Stilwell's Indo-Burmese Expeditionary Forces. Chungking time and again has hinted that due to this lack of aid, it might have to give up the war against Japan, but to no avail. At present public opinion in America is lending no ear to Chungking's lamentations, but rather is openly heaping abuse on it for having lost, in the Honan and Hunan operations, "important strategical points the loss of which cannot be made up for."

It is at such a time, when the feelings between Chungking and America are beginning to get ruffled, that the Communist Party of China makes its presence felt. In the first place, it is doing all it can to persuade the American newspaper reporters in Chungking to come to Yenan. Another activity is its propaganda, such as, "We are the true advocates of democracy; we will fight Japan to the bitter end."

But even without all this, America has been thinking of a break with Chungking and a tie-up with Yenan. With the air bases in Chungking-controlled territory having lost their practical usefulness owing to the attacks by the Imperial Forces, it was natural for America to search for air bases in the Communist areas of North China. This was especially, so in consideration of the fact that with the acquisition of bases in North China, the distance to Manchoukuo, Chosen, North Kyushu, and the Japanese mainland would be substantially shortened.

Already more than a month has passed since Wallace left Washington, but he has spent only a mere three days in Chungking. There is no need for re-scrutinizing the question as to what he has been doing in the meantime.

Probably by now Chiang Kai-shek and others in Chungking are asking themselves why they welcomed Wallace so enthusiastically.

Trade Conference Planned

Domei

LISBON, July 1.—The American branch of the International Chamber of Commerce and three other trade associations informed neutrals of the opening of the International Commerce Conference and requesting their participation, according to reports from New York. In this connection, it is further reported that the forthcoming conference will be convened at Atlantic City, New Jersey.

Wallace Leaves for U.S.

Domei

LISBON, July 2.—After spending 15 days in China since June 18, Henry Wallace, U.S. Vice-President, and special representative of President Roosevelt, this morning left Lanchow by air for home, according to a Chungking dispatch. Yesterday, Wallace placed a wreath on Genghis Khan's tomb at Lanchow.

YANKEE AIR FORCES IN CHINA WITHDRAW

Rapid Japanese Advance Forces Americans to Retreat Into Hinterland

By J. TSUTSUMI
Of the Military Press Corps

A CONTINENTAL BASE, July 1.—Having lost Hengyang airdrome and with Japanese armed pressure on its Southwestern China bases steadily increasing, the United States Army Air Force in China is retreating into the hinterland apparently in the direction of Kweiyang in Kweichow Province, according to latest information received here.

The enemy camp has been severely shaken by the loss of the Hengyang airdrome. It appears that the United States Army Air Force in China has withdrawn its air bases not only from Hunan Province but also from Kiangsi, Kwangsi and Kwangtung. The air bases at Lingling and Paoching have been all but abandoned, while the use of the bases at Suichuan, Kanchow and Hsincheng in Kiangsi Province has been severely curtailed and the enemy stirrings from those areas have steadily diminished. The Kweilin area, however, is still showing considerable animation. It is noted that enemy planes have lately been massed at the Liuchow airdrome which had hitherto been little used.

Nevertheless even from the Kweilin area, enemy planes have evidently begun preparing to scatter, for Japanese operations from land and air are encountering little resistance from that quarter.

Backing to Interior

An arrival from the Kwangsi area says that the enemy is hurriedly widening and extending the road from Shaokwan to Liuchow in preparation to shift the air bases in the Suichuan area to the hinterland. Especially, the work on the section of the road about 200 kilometers long between Shaokwan and Papo is being feverishly pushed day and night with the inhabitants of the neighborhood drafted for the purpose. It is believed that the enemy is seeking to withdraw to the Kweiyang area, for an air base is being prepared at Chingchin, southwest of that area. The enemy air force which has been driven out of its advanced bases in Hunan, Kiangsi, Kwangtung and Kwangsi is quite likely to use Kweiyang as its advanced base in the South China area.

On the other hand, the enemy is seeking to shorten the air-raiding distance to Japan by moving his air bases to the northwest. The enemy is continuing small-scale reconnaissance operations punctuated with night raids, being especially active in the South China area against the Japanese sea supply lines.

Henry A. Wallace, Vice-President of the United States, in the course of his visit to Chungking-controlled China, toward the end of last month visited Kunming and Kweilin where American air forces are stationed and there consulted General Pai Tsung-hsi, Assistant Chief of Staff of the Chungking Army, and General Chang Fa-kwei, Commander of the Fourth War Zone, on strategic questions, apparently with the intention of goading on the Chungking army to strengthen its resistance and to whip up the morale of the American airmen in China. In view of such incitements, the enemy is expected to redouble his efforts to counter-attack.

SHOWING SOLDIERS' WORKS

Mitsukoshi Store to Exhibit Articles Made by War Wounded

The fifth exhibition of articles made by wounded soldiers and members of the bereaved families will be held at the Mitsukoshi Department Store, Nihonbashi, for five days beginning July 5. The exhibition is sponsored by the Military Relief Board, Tokyo Military Relief Association and the Japan Wounded Soldiers' Association.

The articles on display, numbering more than 31,700 in all, include various articles of daily necessity as well as works of arts and will be sold on the spot. Artificial Limb Repairing Corps will also be stationed in the exhibit hall and repair artificial legs and arms for the wounded veterans at cost.

Lebanon Forming Cabinet

Domei

LISBON, July 2.—Lebanese Premier Riad Es-Solh as expected has been charged with the formation of a new Government by the President following the resignation of the Cabinet yesterday, according to a Beirut dispatch.

Italian Embassy Reopens

Domei

NANKING, July 2.—With the arrival of A. Spinelli, newly appointed Italian Charge d'Affaires, here on June 29, a ceremony to reopen the Italian Embassy was held at the Embassy building here today at 9 a.m.

Along Hunan War Front

Crossing high, precipitous ranges, fording wide, tortuous rivers, the Imperial Forces in Central China push on resolutely to smash Chungking strongholds, the nests of Anglo-American imperialism. (Passed by the War Ministry)

Axis Foils Attempt Of Soviets to Land At Teikarssari Isle

Domei

BERLIN, July 2.—Soviet landing attempts made against Teikarssari Island in the Gulf of Finland were repulsed by Finnish and German naval forces, according to the latest reports received here. One Soviet mine-sweeper together with four aircraft were destroyed.

COOPERATIVE BODY IS AIDING FARMERS

Transference of Societies to China by Japan to Increase Agricultural Output

In accordance with Japan's new China policy, the guidance and supervision of Chinese Co-operative Societies which since August, 1938, have been under the control of Japanese Army authorities, were transferred to the National Government on August 1, 1943. Subsequently, the National Government formed, under the Executive Yuan, the Chinese Co-operative Societies Guidance Committee, composed of the Ministers and Vice-Ministers of Finance, Industry, Reconstruction, Foodstuffs, and Interior, and of Japanese and Chinese experts on the co-operative society movement to establish the Chinese Cooperative Societies Central General Office, with the purpose of bringing under unified control all the branches and sub-branches of the China Co-operative Society.

The co-operative society system in China is important not merely from the point of view of its necessity for the economic revival of agrarian villages and for the stimulation of increased agricultural production; co-operative societies are invested with a great political significance, for they serve as strong fortifications in the ideological war against Chungking and communist Yenan, and as an instrument, along with the Pao Chia system, for maintaining peace and order in the outlying areas. It is interesting to follow the co-operative society's movement and to see how its political and economic activities will be co-ordinated in the future, and it is the purpose of this article to review the background of the Chinese Co-operative Societies and to evaluate their future significance.

Around August, 1938, after the National Government had established itself at Nanking following successful military operations against Chungking forces, the Japanese Army authorities in Central China tackled the problem of forming the Chinese Co-operative Societies in order to rehabilitate the population in the occupied provinces of Kiangsu, Chekiang, and Anhwei on a sound economic basis and to enlist their co-operation in the Army's work of enforcing peace and order. In October of the same year, the Army instructed special organs on the spot to undertake the organization of cooperative societies in hsien (districts) and shih (cities).

Later, the Central China Liaison Section of the now defunct Asia Development Board took over the general planning and the financing of the cooperative societies. The function of the special organ became that of an adviser to district and city cooperatives. In October 1939 the Asia Development Board set up the Central China Cooperative Societies Guidance Committee. Several dozen experts were called over from Japan and dispatched to the co-operative societies in districts and cities.

Ever since the co-operatives commenced operating five years ago, the movement has been growing steadily under the careful guidance of the authorities concerned. By the end of 1940 there were 41 branches and 71 sub-branches. In 1941 the numbers grew to to 53 branches and 228 sub-branches. According to the latest statistics, in 1943 there were 67 branches and 602 sub-branches. The membership shows an equally rapid growth. In 1940 membership totalled 46,000. Next year it jumped to 233,000, while in 1942 the membership was 891,000, or four times that of the previous year and twenty times that of 1940.

Emphasis of the co-operative movement in Central China is placed on the larger units of hsien and shih where branch offices are established. In hsiang (village) and chen (towns) sub-branches have been set up. However, a central office which controls the whole system has not yet been created.

As for the functions of the co-operative societies, the general aim is to undertake those matters which directly contribute to the improvement of peasants' livelihood and the increasing of farm production. To this end the co-operatives will assist in the improvement of agricultural technique, make loans to agrarian communities, distribute essential production material, arrange for a pooling of farm products for advantageous selling, and distribute daily necessities to members.

Peasants Given Aid

At the time of their organization, the most urgent work facing the co-operatives was the restoration of order and the speedy rehabilitation of farms in areas which had been swept by battle. When the co-operatives undertook to distribute at a low price such daily necessities as oil, salt, sugar, matches, soap, candles, tobacco, cotton thread and piece goods, the peasants who had been suffering from a shortage of commodities were overjoyed. This gave a big boost to the development of the cooperative movement.

Following this work of distributing daily necessities, the co-operatives organized a system whereby agricultural products were pooled before being sold in the market. In this field, however, there had already been established a monopolistic purchasing organ and the co-operatives could not do much else than to see that the farmers were given a square deal.

In this way the work of the co-operatives in their early stages was confined more or less to business matters. But as the agrarian communities got back on their economic feet again and since China entered the War of Greater East Asia, it became the most important task of the cooperative societies to promote the increase of agricultural production. To meet the new situation a five-point program has been drawn up and is now being put into force. The program for stimulating increased production consists of (1) the establishment and expansion of Agricultural Mutual Aid Associations of which there are at present about 1,000; (2) the construction of facilities for irrigation and drainage; (3) the supplying of good seeds, tools, and scientific fertilizers; (4) the encouragement of production of home-made fertilizers; (5) the establishment of experimental facilities.

Vatican Reminds Anti-Axis

Domei

STOCKHOLM, July 2.—Vatican circles are greatly alarmed over the fact that the anti-Axis is using Rome as the supply center for their troops to a growing extent, reports Nya Daglight Allehanda. Cardinal Luigi Maglione, Vatican State Secretary, reminded the anti-Axis High Command of the promise not to convert Rome into a military base.

V-1 DETAILS WANTED BY BRITISH PUBLIC

Number of Killed and Injured Should Be Revealed Each Week, Says Moore

Domei

LISBON, July 2.—Last night and today, the Germans again released their flying bombs against South England causing damage and casualties, the British Air Ministry announced today, according to a London dispatch.

Meanwhile, another report from the British capital said that for the first time since the beginning of the German V-1 attacks, a demand has been raised in the House of Commons that the British Government should break their silence on the effects of the German weapon. The London Daily Herald said that Sir Thomas Moore, Conservative member of Parliament, suggested to Herbert Morrison, Home Secretary, that he should announce each week the number of persons killed or injured by the German attacks.

The paper pointed out that the British public was under the impression that the Government censorship was unjustifiably strict.

Morrison replied "that one must be careful not to give any valuable information to the enemy" but he promised to think the matter over.

Moore declared that it would create a bad impression to conceal the number of casualties in a warning that the public might conclude the situation was indeed precarious.

Captain Loghurst, Conservative, demanded to be informed about the places chiefly subjected to the attacks by the novel German weapon.

British Experts Nonplussed

Domei

LISBON, July 2.—Describing the devastating effect of the German V-1 the semi-official Spanish weekly El Espanol pointed out that Germany, without doubt, has an enormous reserve of these dynamite meteors which are being manufactured without interruption.

Pointing out that Britain has not yet brought out an effective counter-weapon, the paper stated that since June 16, the German missiles which are charged with an unknown but terrible explosive are being used without cessation.

The paper said that no one in England has thus far seen the weapon and much confusion has been caused among experts and others.

Anti-Axis airmen, it said, are as helpless against the flying bombs as are the anti-aircraft batteries whose shells hit them once in a while but cannot prevent them from exploding over British territory.

English Houses Blasted

Domei

STOCKHOLM, July 2.—The continuous attacks of the new German weapon have wrecked and blasted houses in various areas of South England, according to a U.P. correspondent stationed in the district.

He reported that many persons were wounded by glass splinters even far away from the explosion centers.

36 U.S. RAIDERS DOWNED IN ATTACKING BUDAPEST

German, Hungarian Fighters Intercept Enemy and Down 29; A.A. Guns Claim Rest

Domei

BERLIN, July 2.—American bomber formations attacking Budapest today lost 36 planes including 30 four-engined bombers, according to competent quarters.

Although the enemy formations were again escorted by strong long-range fighters, the German fighters intercepted the enemy and in the course of aerial combats mostly taking place in the area north of Budapest, a number of Boeing bombers were blasted from the sky.

Twenty planes were brought down by German fighters and nine by Hungarian fighters, while seven were shot down by anti-aircraft artillery. In addition, it is assumed that a number of damaged enemy machines did not reach their bases.

Enemy Relief Body Meeting

Domei

LISBON, July 2.—The second session of the council of United Nations' Relief and Rehabilitation Administration will be held in Montreal starting September 15, Herbert Lehman, Director-General of the Administration, announced today, according to a Washington dispatch. The session was originally scheduled to begin on June 23, but it was postponed due to restrictions on travel and communications during the pre-invasion period.

U.S. Won't Recognize French Rebel Regime, DeGaulle Will Be Told

Domei

LISBON, July 2.—Although General Charles de Gaulle, head of the French Committee of National Liberation, is scheduled to arrive in Washington sometime between July 5 and 9, it has just been learned that President Roosevelt, within a week, is expected to tell De Gaulle that he has no intention of recognizing his Government, according to a U.P. dispatch from Washington.

FOE'S TANK LOSSES NEAR CAEN GROWING

Several Hundred German Batteries Raining Shells on Massed British 2nd Army

Domei

BERLIN, July 2.—Tank losses of the British 2nd army in the battle southwest of Caen are still growing as the fighting which has already lasted for more than 100 hours is still continuing with undiminished fury. Within the last 30 hours, German troops knocked out 127 British tanks. As reports from various units have not yet been received, it is assumed that the British tank losses are considerably higher.

The British are still trying by drumfire from their land and naval guns to open up the way to the south for their shock-troops standing in the area of Baron.

To reach Orne is the main object of the British right wing but all their attempts yesterday were completely frustrated by the German troops. The Hitler Jugend, advancing slowly against the stiff British resistance, yesterday gained three important positions.

Last night new tactics were used by the British on the Caen front. A battalion tried to penetrate "noiselessly" into German positions under cover of darkness. The Germans immediately discovered the attempt and repulsed the attackers.

How intent the British are to capture Caen is revealed in the fact that a concentration of about ten tank divisions have been squeezed into a narrow area measuring about six kilometers long and four to five kilometers wide. Despite costly assaults, the bridgehead has not been enlarged.

British stubborness is further revealed by the fact that their assaults have been accompanied by extremely heavy casualties. All British attacks have been under concentrated German artillery fire. It is reported that several hundred German batteries are raining shells on the narrow area where the British 2nd army has massed about ten infantry and tank divisions.

With the Germans bringing up and employing heavy artillery the battle in this sector is assuming the character of a large-scale battle of attrition. Prisoners of the British 15th infantry division admitted that one entire company was almost wiped out within 10 hours. Reports now state that the British 2nd army has an estimated strength of 14 to 16 divisions after having been reinforced within the past few days by two infantry and one tank divisions. In addition, disembarkations at the Orne mouth is being accelerated.

Meanwhile, north of St. Lo where the Americans attacked repeatedly in vain yesterday must be regarded as the second focal point on the invasion front. The battle for St. Lo may be regarded as the overture to the major Anglo-American attempt to expand their beachhead which is now constantly exposed to withering German fire.

ONE-MAN SUBMARINE USED BY REICH UNITS

Little Undersea Craft Carries One Torpedo; Enemy Employs Rocket Bombs

One-man submarines are being employed by the Germans, and the Anglo-American airmen who have been provided with new-type bullet-proof vests are using rocket bombs and time bombs, says a Mainichi report from Stockholm dated July 2 which gives details of the new war weapons which have been put to use in the western European theater of war.

A recent British magazine gave some facts about the so-called "human-torpedo" which can be handled by two men. It is claimed that the "human torpedo" operates under the water and when it reaches its objective, namely an enemy warship, the crew attaches a time-bomb to the bottom of the vessel.

Germany's one-man submarine, as its name implies, can be operated by one man. It is shaped like a torpedo, is two feet in diameter and 15 feet long. This undersea craft carries one torpedo which is fastened to its belly. It is towed by a speed-boat till it nears the scene of battle and then it operates on its own power which is provided by an oil engine.

Rocket bombs have been in use in the European theater of war for some time but noticeable is the fact that they are being employed extensively by the Americans in the Normandy operations. Enemy fighter-bomber planes are mostly equipped with six guns, namely, one machine-gun and four rocket guns which are built into the wings. As the recoil of the rocket gun is negligible, large missiles can be used safely.

Anglo-American fighter planes operating in northern France are reported to be carrying small time bombs. In view of the heavy casualties caused by splinters from bursting shells, the American and British airmen have been provided with new-type bullet-proof vests.

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OUR NAVY GRASPS BATTLE INITIATIVE

Local Press Stresses Nippon Forestalling Enemy Move In Mariana Area

The importance of the blow given to the American naval forces by a part of the Imperial Combined Fleet in the Mariana area was stressed by the editorials of the leading dailies in Tokyo during the week ending on June 29. Other important topics of editorial comments were: U.S. Vice-President Henry Wallace's visit to Chungking, the sensational speech of Captain Oliver Lyttelton, British Minister of Production, who said that America had provoked Japan to attack Pearl Harbor, the anti-Axis invasion of northern France, and the coming American presidential election.

The Asahi observes that the announcement by the Imperial Headquarters of the first important engagement of a part of the Imperial Combined Fleet with the United States Pacific Fleet operating in the Mariana area has increased further the fighting spirit of the Japanese. The Anglo-Americans would be gravely mistaken if they should regard Japan as easy-going for the Japanese will never permit the enemy to despoil their sacred soil, the journal declares, adding that their determination to crush the enemy will be demonstrated by facts.

Has Grasped Initiative

In this connection, the Mainichi observes that the enemy still possesses some reserve power for future operations for which we should be prepared. The Yomiuri-Hochi believes that, although our Combined Fleet did not inflict a decisive blow upon the foe in the recent engagement, our fleet has grasped the initiative in naval engagements by undertaking a forestalling offensive against the enemy fleet. The Nippon Sangyo Keizai predicts that the enemy will never abandon its inordinate ambitions despite the costly sacrifice involved and urges the people to be prepared.

Regarding the present visit of U.S. Vice-President Wallace to Chungking, the Asahi declares that the nature of his visit may be gained from the elaborate preparations Chungking made to welcome him. The paper considers the various decisions made by the recent meeting of the Executive Committee of the Chungking Kuomintang, such as the public promise to adopt a constitution, the prevention of inflation, and the new press censor system, and so forth as means to camouflage the dictatorship of Chiang Kai-shek in an attempt to adjust Chungking-U.S. relations. The journal says: "Even supposing that Chungking is sincere enough to carry out its promises with the United States, it would not be in a position to cooperate fully with the latter unless American aid to Chungking is increased and this will remain an important problem in the future.

The Mainichi points out that Wallace's visit had been long awaited by Chungking because it is worried over the meager aid received from America. The paper predicts that the United States will demand, as a condition for its greater assistance, to Chungking, that the regime should cooperate with the Chinese Communist Party in carrying out the war against Japan. The paper stresses the existing confusion in the relations among the United States, Chungking, and the Chinese Communist Party and declares that this situation is being utilized by Wallace as a means to bring Chiang to submission. The journal concludes by saying that if Chiang should submit himself to the coercion of the United States, his fate would be like that of General Mihailovich of Jugoslavia. The Yomiuri-Hochi says that the only reason for the present visit of Wallace is to brace up Chungking against Japan in view of the fact that the regime may give up its policy of resistance to Japan. In this connection, the journal declares that it will be very difficult for the United States to strengthen the position of Chungking against Japan.

Lyttelton's Statement

The Mainichi takes up the recent speech of Captain Oliver Lyttelton, British Minister of Production, and says that he touched the sore spot of the United States. The journal declares that politically his speech may have been a blunder, but this fact does not lessen the truth of his statement. The paper points out that the severe American criticisms of Lyttelton's statement are only additional proof of the veracity of his speech. "Not only has the United States provoked Japan to start the present war," the paper continues, "but she also regards it her highest war aim to eradicate Japan from the face of the earth. The provocation of the United States has engrained in every Japanese an undying determination to crush the United States." The Tokyo Shimbun takes up the words of Lyttelton that Britain cannot send the whole of its forces to East Asia and says that this does not mean that Britain has abandoned her fortunes in the Pacific, especially India and the Indian Ocean.

Concerning the progress of the anti-Axis invasion of western Europe, the Asahi believes that the occupation of the port of Cherbourg does not mean the completion of the Second Front undertaking, the decisive battle of which must be fought in the future. The journal points to the vast amount of sacrifices paid by the Anglo-Americans in seizing this French port and states that the value of its occupation must be measured in terms of its cost. The paper places confidence in the ability of the Germans to smash the enemy's invasion attempt. The Mainichi devotes two editorials to the same topic, and praises the gallant defense of the Reich forces who held the port of Cherbourg for more than 20 days, whereas the enemy had expected to take it in four days. The daily points out that the enemy had made a great miscalculation when they thought that the French people would welcome them. The animosity of the French for the Anglo-Americans indicates the justice of the German policy toward France and the realization of the French people that their hopes for the future can only be realized by cooperating with Germany.

The Yomiuri-Hochi calls the readers' attention to the increasing severity of the war situation on the Eastern Front and predicts it will reach a crisis this summer. The Tokyo Shimbun says that a decisive stage in the battle in Europe looms with the opening of the Soviet summer offensive on the Eastern Front.

The Mainichi stresses the superiority of the Germans as regards the quality of war arms as proved by the appearance of the dynamite meteors which the German forces are employing with a great effectiveness against Britain.

In an editorial entitled "The Paradox of the U.S. Election Campaign", the Asahi points out that the central question of American war execution is whether American voters should support Roosevelt's policy of international interference. The journal declares that the outcome of the election will have no tangible effect on the prosecution of the war. The paper, however, says that America's cooperation with the Soviet Union will prove a cause of disturbance in her domestic politics.

LINKOMIES' SPEECH CLARIFIES POSITION

Finns Satisfied With Joint German-Finnish Measures, States Dr. Horn

Domei

BERLIN, July 2.—The broadcast speech delivered by Finnish Premier Edwin J. H. Linkomies clarifies the German-Finnish relations, stated Dr. Siegfried Horn, D.N.B. diplomatic correspondent.

"The gist of the speech can be summarized as a common battle until common victory," Dr. Horn declared. "The Premier not only expressed the will of the Finnish people to concentrate its whole strength until the final elimination of the Soviet danger but he also stressed his people's belief in the effectiveness of the measures jointly taken by Finland and Germany to overcome this danger."

"Finland's struggle thereby," Dr. Horn stresses, "gains a special character. It cannot be regarded as a fight coinciding with Europe's fight. It must be valued as a contribution to the common task; namely, the final elimination of the Bolshevist threat to Europe."

"Competent German circles place particular stress on this fact by pointing out that the political fundament for the common battle was created now. They state the fact that this German-Finnish community in fate does not change in the least Finland's political structure nor influence the interior Finnish affairs as has already been expressly declared by Germany before."

Premier Linkomies' statement that Finland would not deviate from its traditional democratic order deeply-rooted in its history, but on the contrary would defend this order in the battle forced upon her and that Finland would continue to be the master in its own house merely confirmed this German declaration, they added.

This rejection of the enemy's attempt, the correspondent states, to describe Finland as Germany's satellite will be as impressive as the irony with which the Finnish Premier told the United States and Britain that these countries were burning up those things today which they had been adoring a short time ago.

"The speech of the Finnish Premier will not fail to make its effect all over the world and specially in those parts where the feeling of political honesty has not died completely," Dr. Horn said, "The German nation greatly appreciates the speech which is expressing the determination of a nation which is aware of its responsibility toward the future existence and its freedom."

FINNS DETERMINED TO CONTINUE FIGHT

Will Collaborate With Reich in War Against Soviets, Says Premier Linkomies

Domei

HELSINKI, July 2.—Finland's determination to fight side by side with Germany against the Soviet Union, was announced this noon by Premier Edwin J. H. Linkomies in a nationwide broadcast. He stated there is no other choice for Finland than to fight for its present and future existence as otherwise the country must surrender.

"It is naturally Finland's duty, in consideration of the help readily extended by Germany, to lay down arms only in agreement with Germany," he said. "The attitude adopted by the Social Democratic Party, is showing that all classes of the population are today just as united in the present defense struggle as they had been in the winter war. It is the determination of the Government to ward off the threatening danger from Finland and the Finnish people."

"Finland," he continued, "in its fight against the Bolshevists needed outside help and the only country which is willing and able to render such a help is Germany. Finland's fight would possibly only be successful, with the aid of Germany. The Finns have to defend everything which make life worth living. As a free nation they have to fight as long as their strength is lasting. This resolution is in agreement with the decision which was unanimously arrived at by the Diet in mid-April."

The Premier further pointed out that all members of the Government are unanimous that Finland has to engage all forces for this struggle and that every possible help has to be accepted. The Social Democratic Party of the Diet had made it clear that the attitude of the Government majority does not upset the fundamental viewpoint held by the faction; namely, that the Finnish nation in the present struggle is defending the independence and freedom of its country. "The fact that the social democratic members of the Government remained in office furnishes proof at the same time that all circles of the people are waging the present defense struggle and that the front is just as united as during the battles of the winter war," he stated.

Concerning the rupture of diplomatic relations between the United States and Finland, Premier Linkomies declared that this development is not due to Finland or the Finnish Government. "During the winter war, the United States as well as Britain recognized the Finnish right to defend itself against the threatening attack from the east and they even requested the country not to surrender," he said.

Premier Linkomies also stated that Finland is a democratic country and as such will not divert from its deeply-rooted democratic order. "This order is defended by the Finns in the struggle forced upon Finland by the enemy," he asserted. "Finland is and will remain the master in its own houses. Heavy trials will still have to be faced but the country will face them fully conscious of the responsibility of the future."

PENGPU RAILWAY FINISHED

Line Will Transport Hwainan Coal And Agricultural Products

Domei

SHANGHAI, July.—The construction of a new line connecting Pengpu on the Tientsin-Pukow Railway and Shuikiakang, on the Hwainan Railway having being completed in only three and a half months since the middle of March last when the work was started by the Central China Railway Company, its opening was observed with due ceremony on June 29 in front of Pengpu Station, followed by a trial run of the first train on the finished line.

The operation of the extended line will greatly facilitate the transportation of Hwainan coal as well as agricultural products on the banks of the Hwai River. The new line has a total length of 61 kilometers and at Shuikiakang joins the Hwainan line which runs to the Hwainan Coal Mine.

Vargas Reaches Tokyo

Jorge B. Vargas, Philippine Ambassador to Japan, who had been in Manila to confer with his Government, returned to Tokyo on Sunday at 9:20 p.m.

Obituary

Corporal Kiyoshi Tagawa, an employe of Mitsui Warehouse Company and a former Waseda football player, died in action in North China in February this year. Funeral services will be held at his home at Shimo Meguro on June 6 from 2 p.m.

Ryokan, Seeker of Truth

By JUNICHI NATORI

About 170 years ago in Izumozaki, Echigo Province, lived a town master, Yamamoto Yasuo. He was well known for his Haiku and was considered a scholar of Japanese literature. To him was born a son, Eizo, in the seventh year of Horeki (1757). From his learned father, little Eizo often listened to stories of Japanese history, especially about the island of Sado which could be seen from their home.

One story especially was often retold by the patriotic father. It was of the cruel banishment of Hino Suketomo, the great loyalist. On his way to Sado, Hino Suketomo stopped at the home of Yamamoto Yasuo, where the great loyalist composed the following song:

> "Beautiful Tachibana
> Just as you unfailingly bloom and
> spread your fragrance every year,
> So, though banished to Sado, this
> loyal heart will live forever."

His father also told Eizo the story of Kumawaka-Maru, who was Hino Suketomo's son. When only 12 years old, this brave son walked alone the distance of 500 miles from far away Kyoto to meet his father in Sado. Such courage and filial piety in a child is unique. When he grew to manhood, he became a faithful retainer of Hino Kunimitsu and worked wholeheartedly for the Emperor. Thus, Eizo grew up gazing at historic Sado, and thinking of the many patriots who had been exiled there. Later he changed his name to Ryokan.

Fond of Children

About the quiet country life of this humble poet-priest many stories remain. Among the best known is this story which shows how pure-hearted and simple he was. Ryokan loved children, and they loved him. He often played hide-and-seek with the neighborhood children. One day he was chosen to be "it" and so he placed his face downward on a pile of straw, closed his eyes, and waited for the children to say they were ready for him to come and find them. But the children did not say anything. Still Ryokan waited patiently. Soon it became dusk and the children returned to their homes. Dusk turned into night, lights were lit in the homes, the cold wind blew, and the moon shone brightly overhead. But still he waited with closed eyes. This shows his innocent and honest heart of a child even in his manhood.

Other stories well illustrate his character. A bamboo sprout grew underneath his veranda. Ryokan upon discovering it was overjoyed and immediately pulled away the boards so that it could grow unhampered. Gradually it grew until it reached the ceiling. Therefore, he removed a part of his roof in order that it could grow freely. He was happy upon seeing the bamboo so big and tall.

One cold day in late autumn, a ragged beggar came to Ryokan and asked for something. But since he did not have anything in the house, he parted with the very clothes which he wore. That night, Ryokan, forgetting his own coldness, worried about the beggar and wondered where he was.

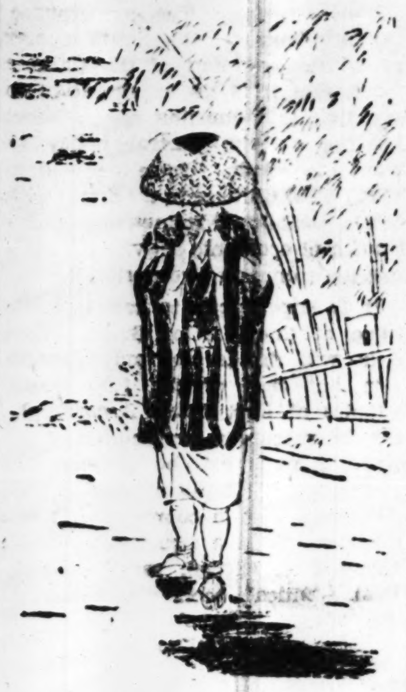
Seeing the farmers working diligently in the rice fields, Ryokan kneeled and thanked them from the veranda of his hut. Such a person was Ryokan.

In the city of Niigata, there still remains a sign which Ryokan wrote for Manzo, the proprietor of a confectionary shop. His words were large and well formed. He often wrote rugged characters on children's kites.

Following is a typical story by Ryokan. It is a long poem entitled "Rabbit in The Moon," based on an old Indian legend. He often sang it to the children.

Impressed by Sacrifice

Long, long ago a monkey, fox and rabbit all lived happily together. During the day, they played in the mountains and when night fell they slept in the forest. One day, God came down from Heaven, disguised as a beggar. He fell down at the edge of the forest, crying, "Help! Help!" The monkey upon hearing, brought him some corn and told him to eat it. The fox brought fish and offered them. Only the rabbit confusedly ran about helpless to do anything. The begger then said to the rabbit, "The fox and the monkey are so kind and only you do not offer to help me." The rabbit then told the monkey to collect lots of dried branches for firewood, and also told the fox to set fire to this pile. When the fire was set, the rabbit said "I can do nothing and I am useless. Therefore, I will burn myself so please eat me," and jumped into the roaring flames. Then, the beggar came out of his disguise and showed himself to be God. He was much impressed by the rabbit's noble sacrifice, for it killed itself, thereby manifesting the supreme love. God, thereupon took the faithful burned rabbit to Heaven, and placed it as a shining example for the world in the temple of the moon.



From the foregoing stories we can get a glimpse of the rare characteristics of Ryokan. His life was one of study and more study; of training and more training. It is more correct to say that he was loved by men rather than to say he was respected. He was a priest without a temple and his life was like that of a beggar.

Ryokan wrote many songs and poems. By reading them we can see his clear mind, his earnestness and his deep insight. They express the depths of people's hearts. Influences of Zen and Confucianism can be traced in his writings.

Ryokan trod the silent way of holiness. His soul was unblemished by the outer world. He was ever the seeker of truth. His life touched and purified the lives of many.

SPEECHES BY MATSUMOTO, OSIAS CLIMAX SESSION

Filipino Students Are Willing Workers, Says Meiji University Professor

Domei

MANILA, July 3.—Speeches by Professor Takizo Matsumoto, visiting professor from Meiji University, Tokyo, and Camilo Osias, Education Minister, highlighted the session on June 29 of the School Superintendents' Convention which is devoted entirely to discussion of the teaching and propagation of Tagalog, teaching and diffusion of the Japanese language, and health and physical education in the Philippines.

Giving some of his observations on Filipino students, Professor Matsumoto asserted that there were no fundamental differences in reaction and attitude between Japanese and Filipino students. He declared that Filipino students, if treated with sincerity and friendship, were cooperative and willing workers. Regarding teaching and propagation of the Japanese language, Professor Matsumoto gave a simple explanation: "A language learned is a culture acquired."

Mr. Osias pointed out the necessity of making Tagalog easy, understandable and usable, and attacked purists of Tagalog whom he charged were making the language too difficult by their desire for ostentation or display of erudition.

Following the morning session, the school officials were guests at a luncheon given by the Nippon Bunka Kaikan at Manila Hotel. On the following day, the Nippon Bunka Kaikan exhibited cultural films for the benefit of the conferees.

Today, President Jose P. Laurel feted the delegates at a tea party at the Malacanan.

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BIG BATTLE RAGING IN EASTERN FRONT

Soviets Send Fresh Reserves in Central Sector to Replace Heavy Casualties

Domei

BERLIN, July 2.—Marked by strong Soviet reinforcements with fresh reserves to replace their severe losses suffered the previous day, the great defense battle in the central sector of the Eastern Front continued yesterday at all focal points with unabated fierceness, according to frontline reports.

It is noteworthy that the Soviets yesterday in various places particularly on the south wing of their assault front and at Borissov were compelled to reinforce several divisions which suffered severely with fresh troops before launching attacks again. Also in the Polotsk area, considerable regrouping was carried out.

At Slutsk and Borissov, German troops were withdrawn according to orders. Soviet forces attempting to follow the evacuation were met with strong German counter-thrusts and were repulsed on the broad front. Soviet tank formations south and north of the town were intercepted by German motorized units which attacked the flank of the enemy formation.

The German garrison at Bobruisk which broke through the Soviet ring of encirclement and sallied in a northwesterly direction contacted a strong Soviet formation and in one sortie alone, over 1,800 Soviet prisoners were captured.

At Borissov, the Soviets with fresh tank formations tried to break through the main German line but succeeded in only pushing the Germans back six kilometers west. Soviet attacks against the new German positions were all smashed in front of the German lines.

Heavy fighting also developed in the sector west of Polotsk where the Soviets again with strong tank and motorized formations attempted to upset the northern corner of the German east front by massed attacks from the southwest. After several hours of heavy fighting, the Soviets were compelled to suspend all attacks with heavy losses. Attacks launched from the east, southeast and south against German positions were also smashed. In these struggles the Soviets lost 59 tanks and 13 assault guns.

Minsk Battle Rages

Domei

STOCKHOLM, July 2.—Battle raging in the central sector of the Eastern Front today shifted to the sector west of the Beresina bridgehead as the defense fighting around Minsk continued with unabated ferocity.

According to frontline dispatches, Marshal Rokossovsky's Soviet 1st White Russian Army has reached the Minsk-Brest-Litovsk Railway located northeast of Baranovichi where they are presently engaged in heavy tank battles with the counter-attacking Germans.

Premier Josef Stalin's official war communique issued tonight announced that the Soviets have succeeded in cutting this railroad line. However, the Germans stubbornly withheld the Soviet advance east of the line and inflicted severe losses on the Soviet forces.

On the other hand, German forces northwest of Minsk held down General Chernyakhovsky's 3rd Ukraine Army in the area 35 kilometers northwest of Minsk at Krasnoye and at Vileyka, 75 miles northwest of Minsk. They are at present strongly defending the Minsk-Vilna Railway.

After the Soviets succeed in cutting both railway lines, it is apparent that the Soviets aim to attack Minsk from the rear and together with frontal attack by the Soviet 2nd White Russian Army encircle the 20,000 German troops at Minsk.

Latest reports claim that the German command today has dispatched fresh reserves to reinforce the defense of Minsk.

German air squadrons, meanwhile, actively supported the ground operations by effectively bombing the Soviet supply center in the region east of Sluzk yesterday.

Bombs were dropped on vehicle concentrations, mechanized columns and troop concentrations after which they shelled and destroyed a number of motor lorries, tanks and armored scouting cars.

Also in the sector west of Polocli, they successfully attacked Soviet car columns and batteries.

BA MAW AND TAKAHASHI EXCHANGE GREETINGS

Japan Pays Tribute to Burmese War Efforts, Says Domei Managing Director

Domei

RANGOON, July 2.—A friendly message was delivered to Hisashi Takahashi, managing director of the Domei News Agency, by Dr. Ba Maw, Head of State and Prime Minister of Burma, upon the former's visit to Burma in the course of his inspection tour of the Southern Regions.

Mr. Takahashi told Prime Minister Ba Maw that the Japanese people are paying high tribute and gratitude to the Burmese for their endless efforts in prosecuting the current gigantic war in cooperation with Japan.

Responding to Mr. Takahashi, Prime Minister Ba Maw delivered a message expressing his unflinching determination to carry the war to victory on behalf of his countrymen and requested Mr. Takahashi to convey it to all the Japanese people.

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Published by The Nippon Times, Ltd.

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TOKYO, TUESDAY, JULY 4, 1944

The Renewed Intensification of the Indian Crisis

The publication by the British Government of India on June 17 of the recent correspondence between Mahatma Gandhi and Viceroy Viscount Wavell is an indication that the chronic crisis in India is mounting in intensity again. For in this correspondence, Gandhi repeats his charges that the British Government has issued many empty promises regarding the future of India but that in the face of the actual world situation such promises are of absolutely no value.

The purpose of the British Government in publishing these charges of Gandhi and the refutations of Wavell, is apparently to support the British accusation that the Indian National Congress has been instigating anti-British disturbances and that Gandhi's anti-British attitude serves to aid Japan's attack upon British power in India. It may well be a preliminary to the resumption of renewed persecutions on the part of the British authorities against Gandhi and the other Indian leaders.

Obviously when the British authorities recently released Gandhi from prison they hoped to be able to gain his aid in overcoming the existing difficult state of affairs, but they have come to realize the impossibility of this scheme because of the firm determination of Gandhi to adhere to his declared purpose of opposing British rule, as fully indicated by statements issued and letters sent to his friends after his release. So long as it has proved futile to utilize Gandhi in an attempt to pacify the Indian masses in their protest against British rule, the authorities may not see fit to let him remain in his present condition of freedom. In spite of the British authorities' intimidations and conciliatory measures Gandhi has remained absolutely unshaken in his firm attitude toward British rule and has been demanding Britain's wholesale withdrawal from India. Having thus failed in inducing Gandhi to take a different stand, the British Government may have decided to resort to some drastic action and as a preliminary to such act have issued the letters exchanged between the Indian Viceroy and Gandhi and also a memorandum concerning the leaders of the Indian National Congress.

The undeniable fact is that Britain is facing a serious crisis because of the furious attacks launched by both Japan and Germany. The landing operations in northern France which Britain carried out with the United States by exerting her last national strength has so far proved to be a protracted affair due to the gallant and effective opposition put up by the German forces. Moreover, the furious and unparalleled attacks made by the Germans by means of the new dynamite meteors have reduced southern England to ashes. On the Burma front, Admiral Lord Louis Mountbatten, chief of the enemy's Southwest Asia Command, has met his match more than once and his plan of recovering Burma has proved only a dream. Because of all these setbacks, Britain is hanging over a precipice and is not in a position to make the Indian masses believe that the promises made to them will be carried out. It is but natural that Gandhi should dub them "empty" promises.

Wavell's letter in reply to Gandhi is characterized by an effeminate and weak tone. It says in effect that when India is facing its gravest crisis in the steady advance of the Japanese Forces, the adoption by the Indian National Congress of a resolution demanding that Britain quit India is a proof that the Congress does not believe in Britain's power of defending India. In reality Britain has no real strength even to recapture Burma, having lost her bastions of Hongkong and Singapore, so that it is only natural that the Indian people should refuse to believe in the capability of Britain to defend India.

To ask Gandhi's aid in getting a new lease of life for British rule is an absurd demand in face of the facts. If Britain had been generous in her treatment of the Indian people, they would gladly come to her succor in the time of her national distress without being asked for such help. Britain's exploitation and oppression of the Indian people are now bearing bitter fruit when their aid is needed.

The British authorities may well express their regret that Gandhi and other leaders of the Indian National Congress have aroused the pro-Japanese attitude of the Indian masses with respect to the attacks of the Japanese by adopting a resolution demanding Britain's withdrawal from Indian soil. But the real cause of the friendly attitude of the Indians toward Japan is the long-endured British tyranny in India. The deeply felt hatred of the Indians against the British is revealed by the report of a British journalist who, returning from the Indo-Burmese frontier after having traveled extensively in India and having talked with the Indians of various districts, has come to the conclusion that the entire Hindu population are welcoming the invasion of the Japanese army into India. He adds that there is no likelihood of the British forces advancing against the Japanese but they must simply remain on the defensive.

The admission by the British authorities that they realize the Indians' loss of faith in British power is a confession of the weakened position of Britain. The natural sequel will be that the Indian masses will further drift from British rule as their reliance on Britain's power of defense becomes less and less.

A Year Ago Today

July 4, 1943

Before impassioned Indians defiant in their determination to wrest independence from the hands of the British, fiery and dynamic Subhas Chandra Bose declared that he will establish a provisional government of Free India to push the movement for independence at a rally in Shonan, today.

In words vibrant with the concrete possibility of complete end to British tyranny, the vehement Indian leader called upon every Indian, home and abroad, to defy all sacrifices and barriers until the goal has been attained.

* * *

Polish Premier Sikorski, who was on his way to London after finishing his inspection trip to Syria, was killed in an airplane accident today. Concerning the cause of the death of the Polish Premier there are various rumors, but according to informed circles, the report that he was assassinated is gaining strength.

* * *

Sixteen million American women are now engaged in important war work, declared Secretary of Labor Frances Perkins, according to a report from Washington. This proves that the United States is depending heavily on female laborers to fill in the shortages made by men leaving for military services.

* * *

Argentine Legations in Cuba and Ecuador have been raised to the status of Embassies, the Argentine Government announced today.

* * *

Soong Mei-ling, wife of Chiang Kai-shek, returned to Chungking this afternoon after an absence of seven and a half months, during which time she traveled through the United States and Canada pleading for more aid to the Chungking forces.

* * *

Due to government blunders in food policy, the meat shortage in America is becoming serious. Representative Walter Frazer of Missouri submitted to the Lower House today a bill fixing maximum prices on meat. The bill provides for pricing meat in three stages, namely, farmer's price, slaughter house price and wholesale price.

U.S. FINANCE MENACED BY INFLATION

Evils of Currency Increase Rampant Since Last Fall

The amount of the Federal Reserve Bank notes issued on May 17 reached the astronomical figure of $18,213,000,000. A year ago, on April 21, it was $13,200,000,000. Two years ago, on April 22, it was $8,714,000,000.

Thus in 1942, America increased her currency issue by $4,486,000,000 or 51.5 per cent over the previous year. The following year saw an increase of $5,013,000,000 or 38.0 per cent.

Although the rate of increase has shown a decline, nevertheless the actual amount issued is a great increase and this trend is most important to notice. Simultaneously the index of wholesale prices, according to the research made by the Statistical Bureau of the Labor Department, taking 1926 as 100, was 103.6 for week ending on April 1, while that of last year was 103.4. When this is compared with the yearly average of 1942 which was 99, it shows an increase of only 4.6. What is the actual relation between this increase of currency and commodity price?

According to the research made by the Federal Reserve Bureau, the index of industrial production during December 1941 was 161, taking 1939 as 100; during December 1942, 205; last year, during March, 216; during June, 217; and during September, 223. No further announcement has been made since.

Should we examine the content, it is revealed, needless to say, that military articles had a great increase over the production of civilian commodities. As shown by the War Production Board on the basis of November, 1941, the production of the ammunition had increased to 648 in October, last year. It is here important to note that during the month of January, this year, it was 649, showing a decrease over that of the previous month.

No Further Increase

It can be supposed from the decline of the percentage of the production increase, that no further increase of general production was seen. The production for one year ending December, 1942 has shown an increase of 26.0 per cent while since then up to September 1943, there was an increase of only 8.8 per cent.

At least this can be said, that during the last one year the increase of currency by far exceeded the increase of production.

America, too, is applying rigid control on the upward trend of her commodity price, but that there is an actual jump in the commodity price cannot be denied. Labor organizations are continually demanding higher pay due to the increasing cost of living because of the constant upward trend of daily commodity prices.

Taking the 5 years' average of 1935-1939 as the basis, the index of the cost of living, ascertained by the Statistical Bureau of the Labor Department, was during 1942, 117; which climbed to 124 during January, 1944. But the actual increase, it is reasonable to suppose, is considerably more than the figures above given.

Due to the rapid expansion of wartime industry, a great increase in urban population became evident. The housing problem in the cities became very acute. Consumption power of farmers and industrial workers has greatly increased. Many of the essential daily commodities fast disappeared from the markets. Particularly beef, whiskey, vegetables, and women's silk-stockings have disappeared almost completely. All this is due to nothing but inflation.

Thus the production peak has been reached, commodity prices are soaring, and the currency is constantly expanding while the real inflation came to its full swing during fall of last year.

Inflation's Course

How did the increase of the currency take place? This can be answered in the change of the accounts of the Federal Reserve Banks.

On May 17, the amount of the Government Bonds held by these banks was $13,808,000,000. Compare this figure with that of May 12, last year, we find it $6,211,000,000, showing a sudden jump of $7,597,000,000. To compare this to that of April 22, two years before, we find the increase to be $3,915,000,000. In other words, the Government Bonds held by the reserve banks increased during the last two years by $11,500,000,000. It is obvious that the currency has thus been inflated.

At the end of last February the amount of public bonds reached $181,107,000,000. Comparing this to that of last year which was $114,029,000,000, it shows an increase of $67,078,000,000. Thus the amount of the Government bonds held by the reserve banks has been rapidly swelling.

The distribution of the Government bonds at the end of 1942 was 16.5 per cent held by the reserve banks and the government organs, and 83.5 per cent held privately by banks, insurance companies and others.

The rapid increase of war-expenses, and increasing issuance of public bonds have completely brought about the present American inflation.

The Chinese in the South

Recognition of Role as Co-Constructors Prerequisite to Reorganization of Enterprises

By MAGOHACHIRO KIMURA

Viewed from their economic phase, the problems in the South center round the question of the Chinese there, and it is no exaggeration to say that this question has a direct bearing on our general policy toward the South. There are said to be 8,000,000 Chinese in the South with firmly established influence in every branch of economic activity throughout the Common Prosperity Region.

It is superfluous to say that the issue of the War of Greater East Asia will decide not only Japan's fate but that of the 1,000,000,000 peoples of East Asia. Accordingly, for the successful prosecution of the war, there must be a structure under which all the nations of East Asia may live in common with one another. Such a structure must be founded on ethical, racial, geopolitical, political, economic and social grounds.

Any policy toward the Chinese in the South must be worked out in such a way as to convince them that it is far from Japan's intention to destroy their economic foundations but that cooperation with her is the best way, nay, the shortest cut to prosperity.

For this purpose, the capitalistic method hitherto adopted by the Anglo-Americans will not do. The method was, first, to invest in a Chinese capital, then foist directors as representatives of capital and eventually wrest the whole enterprise. As is well known, the advance of Chinese into the Southern Regions has a long history behind it. Particularly noteworthy is the headway they have made during the past 100 years following the start of civil disturbances in their country. As the colonial activities of European and American Powers in these regions came to be conducted along capitalistic lines, however, the economic supremacy of the Chinese residents, built up over a period of many years, declined at a quick tempo. The decline was particularly noticeable in their productive undertakings.

Few Industries Existing

The productive enterprises still carried on by Chinese are tin-mining, rubber-growing, rice-refining, lumbering, cocoanut-oil-extracting pineapple-canning, tobacco-growing, etc. They are, however, operated in most cases with a small capital and organized on a feudalistic guild system. Consequently, the technique is crude and the organization inefficient. For these reasons, and under the pressure of large-scale operation by foreign capital, the Chinese had been showing a poor record, with production volume on the decrease. It is a plain fact that they were inwardly very resentful of the offensive by Western capital. Hence they welcomed the War of Greater East Asia and are grateful to Japan for the ousting of Anglo-American-Dutch influences by Japan's armed might.

Yet, all this notwithstanding, the Chinese still retain a solid innate strength in the field of production. Despite the pressure of Western capital, their footholds in the South, built up over a period of several centuries, remain firmly established not only in the fields of trade and commerce but in the spheres of agriculture, the manufacturing industry and mining as well.

We must be careful not to repeat the mistake of Western Powers who encroached upon the interests of the Chinese residents and incurred their hatred for 100 years. Our policy toward them must be one of cooperation based on the principle of mutual prosperity. This is the only way in which their economic strength can be converted in act into fighting strength, and lasting peace and prosperity ushered into East Asia.

What kind of a policy should Japan adopt toward the Chinese residents, then? I, for one, reject capitalistic domination and advocate a policy of cooperation. The productive undertakings of the Chinese, as has already been noted, are built on a feudalistic guild system, and the lack of technique and organization is almost a fatal defect. This circumstance offers a chance for Sino-Japanese collaboration. We would do well to furnish men to guide in technique and organization, not necessarily in the capacity of directors or representatives of capital.

Closer Collaboration Needed

The Chinese residents, through their Japanese collaborators, would no doubt be given much convenience in the acquisition of technique and materials. It would be advisable if our guidance were given in such a manner that the further the Chinese cooperated with the Japanese, the greater would be the profit accruing from their enterprises. Then, public interests and the private interests of the Chinese would harmonize completely, thus greatly facilitating the utilization of the latter for increasing fighting strength. If the economic policy of the military administration authorities were to be similarly pursued, so much the better.

Mention of the Chinese in the South at once reminds one of their trade and commercial activities. Notwithstanding the relative decline of their position as producers in recent years, they still wield deep-rooted influence in the fields of trade and commerce. This is due partly to Chinese acumen for business, but the fundamental reason is that they had identified themselves with the colonial administrative policy of Western Powers. The economic policy of Western Powers toward their South Sea colonies was aimed not so much at colonization by large-scale immigration as at the introduction of capital and the promotion of trade. In other words, their policy was to sell their goods to the native inhabitants and to obtain native products without adapting themselves to native customs or learning the native languages. This inevitably necessitated intermediaries and thus the Chinese merchants found room for advance. That is why the Chinese merchants stood in opposition to Westerners in the field of production but were subservient to them in trade and commerce.

Change Attitude

The Chinese merchants engaged in trade and commerce had no productive organization behind them. Their income was derived solely from brokerage and speculation. They existed largely as compradors and played the role of agents for Western capital in exploiting the native inhabitants. Whether or not the existence of such a class is in accord with Japan's ideal of building up Greater East Asia I shall not discuss here. In the past, from motives of self-interests, they attempted to check Japan's economic advance. Up to the outbreak of the War of Greater East Asia, there were a number of Chinese merchants' associations, many of which protected their own interests under the cloak of "resistance and national salvation" and so served the interests of Anglo-American capital. Since the war, however, they have changed their attitude, while Japan has been dealing with them with sincerity. As far as the Southern Regions are concerned, export, import, commerce in the interior, the collection of materials, etc. cannot be satisfactorily conducted without the assistance of the Chinese merchants.

For the full utilization of the economic strength of the Chinese in the South for augmenting fighting strength, our policy should not only cover commerce and trade but be extended to the field of production also. No measure would be adequate unless a system could be worked out under which the output of every factory, every mine and every forest could be mobilized for war purposes. Of course, trade and commerce should not be made light of, but these branches should be subordinated to production and used as channels through which industrial products would be put to work.

Next in importance to production are the matters of transportation and finance. As regards transportation, it may be noted in passing, that the Chinese have a knack all their own for building and operating junks, so that a different policy might be followed in supplying technical help.

Built on Guild System

As for finance, there are a variety of problems to be dealt with, including the Chinese financial organs and the Chinese merchants' remittances. I shall, however, confine myself herein to the questions of giving financial accommodations to the Chinese under a "Production First" policy. Built as they are on a feudalistic guild system, the Chinese enterprises, especially industrial ones, have little to do with modern financial facilities. Nor are the Chinese banks doing much in the way of financing productive undertakings, having for their main business commercial finance and the handling of remittance drafts. Little wonder it is that Chinese productive enterprises have remained in a backward state of development. I recommend that Japanese financial organs should give accommodations to Chinese undertakings which are recognized as necessary for expanding fighting strength. Such accommodations are not a profitable business, to be sure, but it is to serve such purposes that there is a special financial organ in the South Development Bank. Ways can be found to make this organ accessible to Chinese enterprisers who could contribute to the augmenting of fighting strength. After all, a far-reaching program like the construction of Greater East Asia should be based, not on short-sighted calculation, but on a broad, political basis.

I have so far dwelt on the policy which should be followed toward the Chinese in the South. The next question is the type of organ to be established for the execution of this policy. I am of the opinion that instead of being a purely State organ, it should take the form of a private body with a public character. Such a body, though private in form, should not be engrossed in profit-making. Various types suggest themselves, such as the corporation, the public company, the association, the operation association, and the national policy company type. But any type would do, as long as it conforms to the following basic principles:

1. Emphasis should be laid not on capital but on harmony of personnel. This does not mean, however, that capital would not be required.
2. Though private in form, it should be a public organ in substance.

Features of Organ

In accordance with these principles, the organ should have the following characteristics:

1. The executives should be held responsible not merely to the investors, i.e., the board of shareholders, but, to a great extent, to the State. In this sense, the executives should be called as the men in charge of management. Their obligation to the shareholders should be limited to guaranteeing a fair dividend, thus enabling them to devote the rest of their energies to service to the State.
2. The wishes of the State should be taken into full consideration in the appointment and dismissal of the men in charge of management.
3. Management should be conducted by consultation among those in charge. Inefficiency and evasion of responsibility must be rejected.
4. Directors representing capital are to be dispensed with. A person with the calibre of a director would be appointed a deputy of or assistant to the men in charge of management. The appointment or dismissal of such a person should be left to the discretion of the men in charge of management.
5. Branch managers should be given a measure of authority in regard to the business in his charge.
6. If necessary, Chinese might be admitted and given important posts, not as representatives of any association of Chinese residents but on their personal merits.

Such would be the machinery of the proposed organ, but, needless to say, machinery alone would not guarantee successful operation. There must be men eager to serve the State and fitted for collaboration with the Chinese.

After all, the proposed organ aims at the cooperation of the persons concerned but not at the rule by capital. Accordingly, a large capital would not necessarily be needed. What is more important is to get men of experience well versed in Chinese psychology. Of course, an appropriate amount of capital would be required, but not all of it need necessarily come from the Japanese. The main thing is that the Japanese should form the nucleus and cooperate with Chinese who have the desire and the ability to contribute toward the economic construction of Greater East Asia.

Although profit-making is not the chief aim of this organ, it could not go on showing red figures all the time. I have left State subsidy out of consideration. Therefore, means should be devised whereby the organ could make ends meet, declare a fair dividend, if not make a big profit, and stand the expense of training technical and organizing experts without a break.

Fruits of Wisdom

Much misconstruction and bitterness are spared to him who thinks naturally upon what he owes to others rather than what he ought to expect from them.—Mad. Guizot.

* * *

The true ornament of matrons is virtue, not apparel.—Justin.

* * *

There is no happiness for him who oppresses and persecutes; there can be no repose for him. For the sighs of the unfortunate cry for vengeance to heaven.—Pestalozzi.

* * *

The great business of man is to improve his mind, and govern his manners; all other projects and pursuits, whether in our power to compass or not, are only amusements. —Pliny.

* * *

Law should be like death, which spares no one.—Montesquieu.

* * *

Sow good services; sweet remembrances will grow from them.—Mad. de Stael.

* * *

The secret of giving affectionately is great and rare; it requires address to do it well; otherwise we lose instead of deriving benefit from it.—Corneille.

* * *

Our understandings are always liable to error. Nature and certainty are very hard to come at, and infallibility is mere vanity and pretense.—Marcus Antoninus.

* * *

The tone of good conversation is brilliant and natural. It is neither tedious nor frivolous. It is instructive without pedantry; gay, without tumultuousness; polished, without affectation; gallant, without insipidity; waggish, without equivocation. —Rousseau.

* * *

Authorship, according to the spirit in which it is pursued, is an infancy, a pastime, a labor, a handicraft, an art, a science, or a virtue.—Schlegel.

* * *

Antiquity!—I like its ruins better than its reconstructions.—Joubert.

* * *

Gray hairs seem to my fancy like the soft light of the moon, silvering over the evening of life.—Richter.

THE DEGENERATION OF AMERICAN DEMOCRACY,

President Resorts to Executive Order to Avoid Open Debate

Joseph C. O. Mahoney, Senator from Wyoming, writing in a recent issue of the Reader's Digest, laments that America is being made over. His article is reprinted below.

Part 1

In 1929 the Department of the Interior secured Congressional approval for the establishment of the Grand Teton National Park in Wyoming. Ever since then it has sought to extend the park's boundaries to include more land than the Congress, the State of Wyoming or the County of Teton was willing to set aside. Every effort failed.

But the bureaucrats were not to be denied. Although national parks can be created only by an act of Congress, an old law provides that, without such an act, small areas of land owned or controlled by the United States may be set aside as "national monuments" for the preservation of historic landmarks. And so, last March, a flourish of the pen on an Executive proclamation did what Congress had refused to allow. Without notice to the ranchers living in the area, to Wyoming or to Congress, an area half the size of Rhode Island was made into the "Jackson Hole National Monument." The law invoked by the bureaucrats had been intended to apply solely to lands "owned or controlled by the United States," yet a sizable part of the area taken over in this high handed fashion is privately owned.

What happens to Teton County is not a matter to arouse national concern. But it is typical of what is happening in the federal government in every phase of its activity, from the smallest local matters to the greatest international problems. Policies are no longer being determined by the people or their representatives, but through Executive order by employes of the Executive arm of the government. These officials are neither chosen by nor accountable to the population they govern.

Unlike our laws, these orders were not publicly debated or voted on by the people's representatives. They were prepared in secret by persons unknown, and announced by the 110 order-issuing agencies of the Executive. They are "Executive laws" which our national law making body never saw until they were published.

Being Made Over

By them, America is being made over.

The life of every man, woman and child in America will be affected by the kind of peace that follows this war. For the people's protection, the Constitution prescribes that treaties must be ratified by a two-thirds vote of the Senate. But today we are being internationally committed, not by vote, but by order. Behind the curtain of Executive secrecy, a whole network of Executive agreements with other nations is being contrived. As a result, there may never be a peace conference or a peace treaty upon which the people may pass judgment.

No one knows how deeply the Executive, practicing this doctrine of secret covenants secretly arrived at, has already involved us. But we do know that today we have a far greater number of Executive agreements with foreign Powers than we have treaties. Our people and their elected representatives have not been allowed even to consider and debate agreements which obligate the nation.

The issue here is not whether we remain loyal to democratic principles, whether the people are to participate in the final decisions involving the welfare of the nation. The issue is: What will it profit us if we seek to save the whole world and lose our own freedom?

Recently Congress voted almost unanimously to extend for another year the life of Lend-Lease. We did that because Congress knows that whatever success our allies gain is our success, and because we are determined to use every available means to speed victory.

But Lend-Lease, which was created by Congress as a war measure, has become a gigantic financial instrument of the Executive by which, without the advice or consent of Congress, the global shape of things to come is being prepared. Congress has appropriated $18,000,000,000 for Lend-Lease. But from funds appropriated by Congress for other purposes, some 50 additional billions have been transferred to this agency by Executive order.

People Have No Voice

What is ominous is that this vast operation and its final settlement may be used for purposes on which Congress have never been allowed to vote or the people to voice their opinions. The President, in the final accounting, can accept repayment in kind or in property—or he can also write off the whole bill, in exchange for any direct or indirect benefit to the United States which he deems "satisfactory."

How far the President can go in making international political use of these American billions can be gathered from Article VII of the agreement which the Executive signs with every recipient nation. That article provides that the final settlement of this debt to us shall be such "as to promote mutually advantageous economic relations and the betterment of world-wide economic relations; to further the elimination of all forms of discriminatory treatment in international commerce, and the reduction of tariffs and other trade barriers; and in general to promote the attainment of all the economic objectives set forth in the Joint Declaration made on August 14, 1941, by the President of the United States and the Prime Minister of the United Kingdom."

That article was never submitted to Congress. It has been disavowed by a unanimous vote of the Committee on Foreign Relations of the Senate. Nonetheless, it pledges American resources for the world-wide enforcement of the Atlantic Charter and whatever else the Executive may decree.

Every American's job, wages and level of living are affected by our trade with other nations. That is why the power to regulate trade—whether through tariffs or otherwise—was lodged by our Constitution in Congress. Today, however, that constitutional protection is being circumvented. The Reciprocal Trade Treaties, sound though they are in purpose, are negotiated in a manner dangerous to the fundamentals of self-government.

Denied Final Judgement

We now have such agreements with 30 nations. Twenty-six of those nations practice the democracy which we profess; they require such agreements to be submitted to their national legislatures before becoming finally effective. But in the United States—homeland of the Four Freedoms—Congress is not only denied the right of final judgment, it is not even allowed to know the details of the agreements in advance.

Last April, the Ways and Means Committee of the House of Representatives asked Francis B. Sayre, Special Assistant to the Secretary of State, to identify the persons who, in the name of our government, drew up these world-wide commitments. Mr. Sayre made the amazing reply: "Nothing would be gained by giving out this information."

Secrecy, thus, stamps the whole procedure. By whatever name it may be called, this is not representative democracy.

Again the issue is not the reciprocal trade agreements, but the progressive degeneration of American democracy and the substitution of secret sessions for open debate, of Executive orders for law.

In 1941 Congress passed a war powers act designed to enable the President to strengthen the efficiency of the Administrative branch of the government for the prosecution of the war. To prevent the act being used as a means of expanding Executive government, Congress inserted in three places in the bill a prohibition against the creation of new functions and agencies. Despite that provision in the act, no less than 11 new Executive agencies have been set up under it by Executive order. Their vast powers are drawn not from any legislative grant but from the vague and undefined authority of the Executive.

In the first World War, the Food, Fuel and Railroad Administrations, the Shipping Board and the War Trade Board, all were set up by act of Congress. Bernard Baruch and the War Industries Board, which did such a magnificent job, performed functions specifically authorized in the law that established the Council of National Defense. In this war a bewildering succession of Executive agencies has been created—not by act of Congress, but by Executive order—to perform functions which are both legislative and executive. This bureaucratic chameleon, which began with the OEM, has passed through many forms—OPM, OPACS, SPAB, WPB and all the rest, with OWM now capping the climax. Each one lived long enough to prove its ineffectiveness and the failure of the method of administration which, in the name of efficiency, has been used to by-pass the elected representatives of the people.

(To Be Concluded)

SONGS FROM PRISON

By MAHATMA GANDHI

Lord, hear my shame:

In gross self-pleasing I have flung
away my life,
Clad all my days in hatred and
desire,
My tongue corrupt with evil words,
My mind made poisonous,
Surrounded close by bad companionships,
Insatiable in selfishness,
Bound helpless by my ignorance
of truth,
Consumed by fierce ambitions,
Forgetting that which is, concerned
alone with that which
seems——
Such have I been:
And such, my God, is still my
state,
As now I come to thee, and ask
thy saving grace.